



# APPRENTICESHIP LEVY

## A QUICK GUIDE FOR EMPLOYERS

How BL Training can support your business now, in preparation for the Apprenticeship levy in April 2017.



**bltraining**  
the real alternative to college

## INTRODUCTION

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BL Training Ltd are an SFA registered provider of training, committed to offering both levy paying employers and non-levy paying employers the support they need to work through the changes to government funded apprenticeships for April 2017.

We work with an average of 420 employers per year and have 30 years' experience within the 'Retail and Commercial Enterprise Sectors' across the North East. We have constantly achieved Grade 2 Ofsted rating with outstanding indicators for employer engagement and networking. We are a registered assessment organisation for current frameworks and transitional to new standards.

If you currently employ apprentices and gain full or co-funded status, you may not be aware that the current funding system is due to change in April 2017, in line with the new Apprenticeship Levy.

This 'quick guide' has been produced to help organisations identify the impact these change may have on their organisations. We are here to help you make the transition into the new reformed apprenticeship system. A more in depth guide will be used with face to face discussions.

Once you have read this employer guide, please contact us for any further assistance and we can arrange an appointment to speak with you at your earliest convenience.

## SO, WHAT IS THE APPRENTICESHIP LEVY?

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In April 2017 the way the government funds apprenticeships in England is changing. Some employers will be required to contribute to a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers, large and small.

## DOES IT AFFECT MY BUSINESS?

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Paying the apprenticeship levy – UK based employers. You will need to pay the apprenticeship levy if you are an employer, in any sector, with a pay bill of more than £3 million each year. For the purposes of the levy, an 'employer' is someone who is a secondary contributor, with liability to pay Class 1 secondary National Insurance Contributions (NICs) for their employees.

The levy will be charged at a rate of 0.5% of your annual pay bill. You will have a levy allowance of £15,000 per year to offset against the levy you must pay. This means you will only pay the levy if your pay bill exceeds £3 million in a given year. You will pay the levy to HM Revenue and Customs (HMRC) through the Pay as You Earn (PAYE) process.

**“ Two things I found BL to be exceptional in - flexibility and on-going support! ”**

...Luke Smith, L5 Foundation Degree

## CALCULATING WHAT YOU HAVE TO PAY

You will pay the levy on your entire pay bill at a rate of **0.5%**. However, you will have a levy allowance to offset against this. The levy allowance is worth **£15,000** for each tax year. This means the levy is only payable on pay bills over **£3 million** (because **0.5% x £3 million = £15,000**).

## EXAMPLES OF WHAT YOU WILL PAY

### Levy Paying Employer

An employer with an annual pay bill of **£5,000,000**:  
Levy sum: **0.5% x £5,000,000 = £25,000**  
Subtracting levy allowance: **£25,000 - £15,000**  
**= £10,000** Annual levy payment

### Non-Levy Paying Employer

An employer with an annual pay bill of **£2,000,000**:  
Levy sum: **0.5% x £2,000,000 = £10,000**  
Subtracting levy allowance: **£10,000 - £15,000**  
**= £0** Annual levy payment

**However, non - levy paying employers will still have to contribute financially based on new training bands and incentive.**

## DIGITAL APPRENTICESHIP SERVICE (DAS) ACCESS

Employers not required to pay the levy, i.e. those with a pay bill less than £3 million, will not be able to use the Digital Apprenticeship Service until 2018 or 2019. However from April 2017, there will be a requirement to co-invest and make financial cash contribution towards the cost of any apprenticeship programmes in your business.

If you are required to pay the levy, you will need to set up a Digital Apprenticeship Service account to pay your training provider in April 2017. You will agree a price and pay your contribution towards the costs of the training and assessment via your DAS account.

## HOW TO PAY THE LEVY

You will calculate, report and pay your levy to HMRC, through the Pay as You Earn (PAYE) process alongside tax and National Insurance Contributions (NICs).

If you have calculated that you will pay the apprenticeship levy, you will need to declare this and include it in your usual PAYE payment to HMRC by the 19th (or 22nd if you report electronically) of the following month.



## CORPORATION TAX DEDUCTION

Any apprenticeship levy payment to HMRC will be allowable for Corporation Tax.

## USING YOUR LEVY PAYMENTS

Levy payments can be used to fund apprenticeships to enable you to:

**DID YOU KNOW?**

**Recruit new staff or up skill existing staff to higher level qualifications and enable succession planning:**

- Level 2 Intermediate Skills
- Level 3 Advanced Skills

**Promoting existing staff to nurture talent and innovation accessing:**

- Level 4,5,6 - Higher, Foundation Degree & Degree Equivalent
- Level 7 - Master's Degree Equivalent

“  
*I feel grateful to BL Training for giving me the confidence to take it on and the guidance and encouragement to complete the course.*”

...Tracy York, Management Degree



## GETTING OUT MORE THAN YOU PUT IN

Employers who pay the levy and are committed to apprenticeship training will be able to get out more than they pay in to the levy.

The government will apply a 10% top up to monthly funds entering levy paying employers' digital accounts, for apprenticeship training in England, from April 2017.

### Worked Example

Employer has  
**£12,000 annually entering their levy account**

Monthly account funding = **£1,000**

Top up: 10% x **£100**

Levy monthly account increase: £1,000 + £100 = **£1,100**

**£13,200 annually to spend on Apprenticeships**

**WARNING**

Levy payments will expire 24 months after they are entered into your account. So if you don't use it...you will lose it!!

Start planning now so that April 2017's monthly contribution will already be allocated to staff development within your organisation!!

## OUR OFFER

We suggest if you are affected by these changes that you should start your planning now and do not leave it until April 2017. This could be a real opportunity for your organisation to get ahead of your competition and help create a highly skilled and qualified workforce.

### **BL Training has expert advisors who would:**

- Arrange a business meeting to discuss the potential impact of the levy and identify the real benefits to your organisation so you're ready to get started in April 2017!
- Carry out Organisational Training Needs Analysis with you for effective succession planning.
- Support you through the transition to a Levy Apprenticeship systems (via Digital payments)
- Help with recruitment of new staff, if applicable, or upskill existing workforce.
- Develop new or enhance existing staff development programmes.
- Offer an internal quality assurance programme, funding support and flexible payment schedule.
- Send you a written proposal with options for staff development, flexible training solutions and end point assessment options; a full apprenticeship package tailored to your organisation's needs.
- Specialise in Apprenticeships Level 2 to Level 5 for Leadership and Management, Customer Service and Team Leading, Retail, Business Administration and can offer TAQAs (Assessors Qualification) to the development of your own in house assessment team.
- BL Training Ltd are part of the 'Higher and Degree Apprenticeship Collaboration Group' within the Tees Valley Local Enterprise Partnership. As steering group member of the Tees Valley Network and the North East Provider Network we have a large supply of local providers of training available who can work with us to help supply you with all of your training needs. So even if there are sector areas not mentioned above, we have the contacts for organisations who can work with us to provide the full package for your organisation. Providers based in the North East, for the North East workforce.

## STAKEHOLDER FEEDBACK QUOTES



'Partnerships with employer are strong, resulting in good role models for apprentices, professional settings, coherent training plans and provision that is responsive to the needs of employers and apprentices'



'When talking to stakeholders about BL Training, it was confirmed that relationships are strong, mutually beneficial and enhance the support provided to learners'



'...it's a massive support for us where we are asked by schools and careers fairs for people to go and talk and BL Training are extremely pro-active'



'Registered Provider for the North East Business Support Fund, helping businesses to improve their competitiveness. Find out more at: [www.nbsl.org.uk/how-we-can-help/growing-your-business](http://www.nbsl.org.uk/how-we-can-help/growing-your-business)'

## BL TRAINING SUCCESS STORY

### LUKE SMITH – HIGHER DEGREE MANAGEMENT APPRENTICESHIP (L5) SONNET 43 BREW HOUSE



*“Two things I found BL to be exceptional in - flexibility and on-going support. During my training I moved jobs and I was supported throughout the whole process, which really helped me in my learning, and to complete the course.”* ...Luke Smith

*“Luke is an exceptional learner who works to high standards when completing tasks. Luke has excelled within his qualification and is now using the knowledge he has gained to support within the workplace when dealing with the team and developing work place policies and procedures.”*

... Juliette McLaren  
Management Course Tutor

## ADDITIONAL COURSES & WORKSHOPS

### EMERGENCY FIRST AID AT WORK

If you would like to upskill yourself or even staff in this area then we can guarantee our 1 day First Aid Workshop will give you this knowledge and skills you need. Candidates will be awarded with an accredited certificate as well as a wallet sized plastic card outlining their qualification which lasts for 3 years.



### TAQA (ASSESSORS AWARD)

This qualification is designed for candidates who are seeking a career progression within their area of work or are looking to progress towards their Assessors status.

Candidates must have an NVQ Level 3, working towards or 5 years occupational experience to be eligible for this course.

Please contact our Head Office on **0191 2619636** if you are interested in any of the above.

Thank you and we hope to hear from you  
soon.....

**Gail Dalton-Ayres**  
**Curriculum Director**

*G. Dalton - Ayres*

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